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MINISTRY OF FOREIGN TRADE

Prague 19 Nov 51

Re: Export for Free Dollar Market, Instructions

To Commercial Attaches in:

As you already know, at the September sessions of GATT (General Agreement on Tariff and Trade) held at Geneva, the USA succeeded in putting through its request for cancelling its tariff obligations towards CSR (Czechoslovak Republic). The practical result of this action has raised the tariffs on all our exports into USA to such an extent that our export is no longer free but subject to discriminatory tariffs.

USA has made further provisions to stop our exports particularly by refusal of consular invoices. In case we are unable to pierce this new capitalistic barrier, it would seriously hamper our dollar earnings and simultaneously curtail our purchases in dollar areas, especially purchases of critical materials unobtainable elsewhere, such as various non-ferrous metals, etc.

Hence it becomes necessary to search for and find new possibilities for increased dollar earnings and maintain these as long as these conditions exist, or rather, as long as we are dependent on purchases in dollar areas. For these reasons, our top priority task is to locate other means of disposing of our exports in order to secure dollar reserves.

The entire sphere of action can be divided into two main tasks:

(1) Increased export to countries within the dollar area outside of the USA.

(2) Re-export to USA.

As of today the total activity centers in the following:

(a) Research for all possible sources of direct and/or increased dollar earnings in your country.

(b) In your country, location of reliable and trustworthy firms which would be willing to conduct re-export to USA, and in such case under either of the following conditions:

(1) Legally, that is, with the full knowledge of the officials of your country, in which case we should exploit the fact that a certain amount of the dollars gained by these re-exports would remain in your country at the disposition of the firm handling our goods; or

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(2) Illegally, that is, without the knowledge of the officials of your country, in which instance it would be of prime importance to have definite assurances that the dollar credits would be safely held for our (CSR) disposition.

In connection with illegal re-exports, a matter of consideration would be the export of goods in incomplete form, or unfinished goods, which could then be finished in your country and re-exported as articles of original manufacture.

(c) Ascertainment whether American officials in your country could legalize re-exported goods by issuing consular invoices.

This had best be accomplished by discreet inquiries of the re-exporting firm, which could receive a basic assurance from the consulate without disclosing that Czechoslovak goods are under consideration. We naturally assume that the Americans would require certification as to the origin of any goods being exported, and for that reason we wish to prevent unfavorable action by shipping components or unfinished goods.

(d) The question of the guarantee of dollar credits to CSR merits the most careful consideration as it is one of vital importance, and in this matter we rely entirely upon your initiative. In the case of re-exports made with the full knowledge of your own government, the question of dollar credits would be comparatively easy to solve. But in illegal re-exports, the question of guaranteeing dollar credits could be handled in one of two ways:

(1) The re-exporting firm in your country would purchase the goods for its own account, and in that case payment would be guaranteed by it, automatically.

(2) The American customer would establish (deposit?) credits either in CSR or some other country.

These two suggestions do not necessarily exhaust all the possibilities; they are merely intended to assist you in your search for other methods of guarantee.

We naturally wish to continue to cooperate with our traditional customers in USA, and in view of this fact the re-export matter might resolve into a purely financial one, as the goods would already be sold by our companies.

If you have already wired us some suggestions on this matter, you will receive a telegraphic reply.

Correspondence in re dollar re-exports is to be handled exclusively by code or by letter-courier since the entire affair is top secret. If some interested person would desire to come to Prague to promote this in person upon your recommendation, a visa would be granted promptly. In your telegram, use this phrase as an introduction: "Collaborators, sale for free dollars."

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MINISTRY OF FOREIGN TRADE

Prague, 14 Jan 52

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To: Commercial Attaches of the  
Czechoslovak Embassies in: [REDACTED]

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Party and mass organizations, managing functionaries of the MZO (Ministry of Foreign Trade) and all of us are trying to overcome various deficiencies which act as hindrances in improving our work in view of the fact that the Five Year Plan goals have been increased and the work of organizing socialism in our country has been speeded up. Within the framework of this effort, the personnel is of prime importance, especially that located in foreign lands. At a meeting of the MZO held on 9 Nov 51, it was decided to have all the managers in all foreign offices join in the work together with the workers' committees. So that this principle can be activated, the following measures will be necessary:

- (1) Each member of the foreign staff, within his own sector, should observe the efficiency of the workers, their industry and loyalty, their development and growth in their professional and political work, and their personal qualifications.
- (2) During this program of reporting on the work of others, the leading workers should keep in mind what they could do to assist their coworkers, i.e., effective counsel and criticism. It is their duty as well as their responsibility to develop the personnel subordinate to them.
- (3) Leading workers, in your case the commercial attaches, should judge their coworkers, the departmental officials, delegates, correspondents, and office workers, according to their ability to master the tasks set for them.
- (4) Leading workers in their individual sectors are responsible for the correct placing of personnel and the most effective use of its capabilities.
- (5) Each manager, within a year's time, must school and educate his deputy, in order that the qualifications of the workers may be improved and the flow of work be carried on without interruption in case of the manager's absence.

In connection with these tasks of personnel work, the following should be considered:

- (a) The managing workers are responsible for the growth and development of their subordinates in their own sector; and for promoting all those activities which contribute to development, such as education, practice, exchange of experiences, etc.

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(b) The new method of looking after personnel welfare is based on the principle of cooperation with the leading workers of the committee and does not permit individual sectors to make efforts to effect personnel changes without the knowledge of those in charge.

(c) In foreign lands, regardless of whether we are concerned with commercial attaches only or with delegates and/or departmental officials, this personnel work is centered chiefly in the territorial departments and committees of the MZO, with the help and assistance of the workers' committee. This particular activity will be improved also by our plan to invite all the overseas workers to come to the Center at more frequent intervals.

In order to keep the Center informed as to the progress and results of your personnel activity, it would be advisable that you keep records of your monthly meetings and forward them to us by courier.

This communication is being made to you for two reasons: first of all we wished to inform you of the significant change in the work organization within our office, and secondly to request that you fulfill your tasks with the seriousness which the whole matter deserves. We also ask most earnestly for your closest cooperation in this personnel work, since we are most desirous of achieving our goals, which would be impossible without your assistance and initiative. Please advise us frankly and in detail just what provisions you would like the Center to put into effect, so that conditions which have been and are unsatisfactory may be eliminated as quickly as possible.

In our opinion the future goals in our particular department may be outlined as follows:

- 1/ To ensure the professional and cultural development of all workers in foreign lands.
- 2/ Maintain close ties with home.
- 3/ Take care of their personal affairs.

Within this framework we should include the goal of political development of all the workers located in foreign lands, and also their wives. However, this question we cannot solve at the moment, since it has not been fully decided by the people in higher echelons.

We have been informed that in the future the political education of all personnel will be the exclusive responsibility of some new institution as yet unnamed. Definitely it will not be our responsibility nor that of any of the other ministries. It will be decided within the next few days just who will be charged with this task. We ourselves are so convinced of the importance of this phase of our work overseas that we shall exert all possible pressure to have this decision made as early as possible, and at the same time request a clarification of the following debatable questions, such as participation of the commercial attaches, delegates, wives, non-party members, etc.

As far as our own fulfillment of the task is concerned, we would make the following propositions:

1. In order to ensure the specialized or professional development of all employees of the foreign trade organization, located in foreign lands, the following methods are suggested:

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(a) Currently planned tasks for each individual worker. These particular tasks would include the study of the territory in which you work, in its commercial, political, economic, and geographic aspects.

(b) The study of the economy and foreign trade of the CSR (Czechoslovak Republic).

In this connection the educational department of the MZO, and outstanding companies here, will forward to you textbooks and literature. The individuals making these studies will be required to complete them in written form and by a set date. We request that you draw up a plan of specialized study for yourselves and all of your coworkers (especially delegates) which will be revised and supplemented here. We will also forward you party press. All these books, literature, and press will be placed in a centralized library at the embassy and will be available to all workers. We shall continue to supply fresh literature and material as it becomes available and it will be your responsibility to see to it that everyone makes full use of the library.

(c) Linguistic ability.

2. In order to keep each and every one of you in closer touch with home, we plan to make possible 'employees' tours' to CSR, possibly twice a year, once as a tour of duty and the second time with family on leave. We will also provide regular deliveries of the Czech press. Further we are considering the possibility of sending couriers intermittently and of establishing a regular monthly courier mail.

3. Under this heading we wish to consider possible financial problems: the question of payments, rate of pay, length of foreign service, provisions to be made for older children such as schooling in the CSR, etc.

We wish that you would study this communication thoroughly, discuss it with your coworkers, and then advise us at your early convenience.

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